WEEKLY ECONOMIC REVIEW

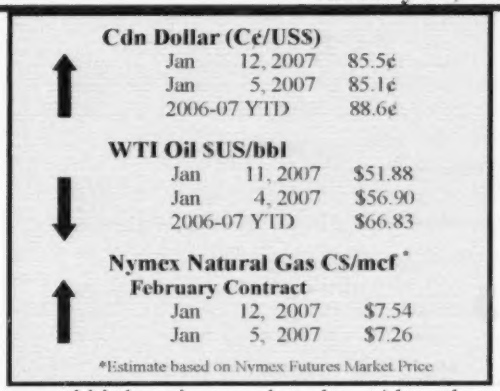
January 12, 2007

Alberta's construction market has set records in 2006. Building permits have posted a gain of 38.3 per cent in the 11-month period due to increases in non-residential construction.

Alberta led the provinces in housing starts in 2006, with a record of 49,300 starts (preliminary estimates). Regional housing starts in 2006 have been extremely strong in Canmore (75.6 per cent), Grand Prairie (48.7 per cent) and Medicine Hat (27.7 per cent). However, December starts declined to a more sustainable pace of 46,500 from 57,800 starts in November.

In the first 11 months of 2006, Alberta's new house price index rose by 39.7 per cent with sharp increases in Calgary (48.4 per cent) and Edmonton (25.3 per cent). However, the rate of increase in house prices is moderating. The average increase in the recent three months was 0.8 per cent, down from the average monthly increase of 3.6 per cent recorded between September 2005 and August 2006.

Despite a decline in December, Canadian housing starts totaled 227,400 in 2006, the second highest in two decades. Also, the year-to-date increases in building permits (12 per cent) and prices (10 percent) also set annual records.



Canada's merchandise exports and imports rose 2.8% and 0.4% respectively, causing the trade surplus to widen to $4.7 billion in November. At the same time, the U.S. trade balance narrowed for the third month in a row to US$58.2 billion.

Unusually warm weather and some unwinding of short positions by investors caused oil prices to drop to US$51.88 this week, its lowest level since May 27, 2005.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[1]
Building Permits ($ Millions)	**November**			
Alberta	1,300	-1.0%	39.2%	38.3%
Canada	6,304	3.0%	28.2%	12.1%
Housing Starts[2]	**December**			
Alberta	46.8	-19.0%	9.3%	21.5%
Canada	211.5	- 7.8%	- 9.1%	2.4%
New House Price Index (1997=100)	**November**			
Alberta	234.1	0.8%	45.4%	39.7%
Canada	157.3	0.4%	11.8%	10.1%
Canadian International Trade ($ Millions)	**November**			
Exports	38,144	2.8%	-3.7%	1.1%
Imports	33,477	0.4%	1.8%	3.7%
Trade Balance	4,667	24.3%	-44.1%	-14.2%

Source: Statistics Canada

[1] *Year-to-date 2006 compared to the same time period in 2005. For example: January-November 2006 versus January-November 2005*

[2] *Seasonally adjusted at annual rates*